



Blue Star Families Statement
The Military Compensation and Retirement Modernization Commission
November 1, 2013

In November 2012, Blue Star Families fielded an online survey of military family members to determine the major issues facing them today. The key concerns identified by more than 5,100 military family members who responded were: **pay/benefits**, with specific emphasis on **changes to retirement benefits, military spouse employment, the effects of deployment on children**, and issues surrounding **military child education**. Additionally, the 2013 survey also uncovered valuable information on the following areas: relationships, suicide prevention, financial literacy, caregiving, communication, and public policy. This year's survey also continued to track how military families support each other, seek out resources, and stay connected to their communities and to their service members.

Top Military and National Concerns for Families – Driven by Economic Concerns

In 2013, the top three military family issues surround concerns of financial well-being. They are: Military Pay/ Benefits (35%), Change in Retirement Benefits (21%), and Spouse Employment Opportunities (19%). While spouse employment affects financial security throughout the service member's career, all three of these issues can be considered key to making a smooth financial transition out of the military. This is particularly noteworthy as estimates point to over one million service members transitioning off of active duty over the next five years. Following these fiscally-oriented concerns, the next two top issues for survey respondents center on the children of service members, specifically the impact of serial deployments (17%) and educational opportunities (16%).

Similar to the general population, financial uncertainty has become an important issue for military families. When assessing the possibility of transitioning from active duty, service members' top concerns were employment possibilities and loss of income. It is important to note that these two concerns have remained the same from 2012 to 2013, regardless of whether the service member had less than or more than twenty years of service. When assessing their top national concerns, the economy and job creation ranked number one and number two, respectively. It is clear that, regardless of time left in service, military members are focused on the state of the economy and concerned about their financial future.

Although both spouses and their active duty partners worry about job creation, concern among spouses exceeded that of service members' by six percentage points. Spouses also ranked "Spouse Employment Opportunities" second among current top military issues, while it was ranked third by all respondents. With interrupted education and career paths, the ability of spouses to contribute to a steady income stream during military service is often a challenge.

Military spouse income contributions after active duty service may also be impacted due to lack of work experience, continuity of work experience, and level of education.

The top five military family concerns help to identify some of the priorities and concerns of military families and shed insight into how policymakers can apply programs and resources towards these goals. It is notable that this year's survey saw, for the first time, Operational Tempo/ Deployment drop out of the Top 5 Military Issues. After over a decade of war, the military community has seen a drawdown of the total number of troops in Afghanistan and Iraq, and an increased focus on deployments in the Pacific. These operational trends could be associated with the change in respondents' priorities and may suggest that military families understand the DoD's shift in focus and the need to align resources with national defense needs.

Furthermore, it is important to note that while the necessities of transitioning and adaptability have always been central themes and challenges of the military lifestyle, change is especially imminent inside the military community today and includes budget cuts, sequestration, changes to force structure and pay and benefits, and greater emphasis on the Pacific in addition to the Middle East. These changes, coupled with the unknown, final outcome of sequestration, cause a level of uncertainty with unspecified impact on the military community as well as the nation itself.

Specific Issues of Note

Despite uncertainty in the military lifestyle and the frequent impact on financial readiness, military families exhibit positive financial behaviors as compared to the general population. Eighty-seven percent of respondents report using a household budget, and 70% say they have checked their credit reports or scores in the past twelve months. Forty-four percent report they have only two to three credit cards, and 63% owe less than \$5,000 in credit card debt. Twenty-one percent of respondents owe nothing at all. Forty-nine percent have emergency funds set aside to cover expenses for three months in case of sickness, job loss, economic downturn or other emergencies.

Pay/Benefits and Changes to Retirement Benefits:

Thirty-five percent of respondents listed pay/benefits as their top military family life issue while 22% of respondents cited changes to retirement benefits as their top concern. When veterans were asked about concerns related to separating from the military, their top concerns were employment possibilities and loss of income.

Military Spouse Employment:

Sixty-eight percent of spouses reported that being a military spouse had a negative impact on their ability to pursue a career. Of the 61% who were not currently employed, 52% wanted to be. When asked their reasons for not working, 80% mentioned job market alignment. Twenty-three percent of spouses had faced challenges with their state licenses, certifications or other

professional qualifications due to military-oriented moves across state lines at some point in their service member's career. Additionally, 26% currently operate their own business.

Financial Readiness and Health:

Sixty-five percent of respondents said they experienced stress related to their family's current financial condition. The top three obstacles to financial security were: spouse employment (49%), uncertainty in military life (45%), and frequent moves (40%). When asked about financial education within the military community, only 12% of respondents received their financial education through service member training, while 90% said they wanted greater emphasis on preventative financial education. Eighty-seven percent of respondents used a household budget and 70% had checked their credit report or score in the past 12 months.

GI Bill Benefits:

Seventy-four percent of service members report their top reason for joining/continuing in the military is "to receive educational benefit" and 63% say their top reason is "to learn skills for civilian jobs." Forty-seven percent of service members have or intend to use post 9/11 GI Bill benefits for a family member, more than double the 23% who plan to use the benefits for themselves.

In this survey, when asked about plans for the use of Post 9/11 G.I. Bill benefits, 29% of service members planned to transfer them to a spouse or dependent child; 6% percent had already used or were currently using the education benefits for the service member; and 17% of service members planned to use them in the future. At the time of the survey, 12% of service members had already transferred their education benefits to their spouse or dependent child. These results support a corollary finding of this survey - that saving for college is difficult for many military families (27%). The ability to transfer educational benefits to a spouse or dependent may be a strategy military families are using to help pay for college expenses in the face of other financial obstacles.

The transferability of the GI bill benefits, while intended as a recruitment/retention tool by the DoD, may be viewed by military families as a means to change their overall financial picture. Changing that benefit could potentially change the decision matrix service members, veterans and their families use to proactively make regarding initial and continued military service. For example, transferability of the GI bill benefit to spouses who may have discontinuous educational backgrounds or career gaps due to the military lifestyle may mitigate some of the stressors associated with service member transition by enabling spouses more career flexibility. This is particularly significant in light of the survey results, which showed that 14% of service member reported that their employers desired their MOS and eight percent reported that their job designators translated into civilian licenses.

According to the VA, spouses and children of service members currently comprise one-fourth of Post-9/11 G.I. Bill users. Use of the education benefits by spouses (an increase of 70%) and children (an increase of 13%) is growing at a faster rate than service members and veterans (an

increase of 13%).

Confidence in Benefits

Lastly, respondents were only somewhat confident that their pay and benefits (34%), education benefits (33%), and the healthcare benefits (31%) would be available for use when they need them. These results echo last year's findings that showed uncertainty in access to previously earned healthcare benefits was one of the top concerns service members had about transitioning out of the service.

